



House of Representatives

General Assembly

File No. 201

January Session, 2013

House Bill No. 5456

House of Representatives, March 27, 2013

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE DEPARTMENT OF BANKING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-1 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 This title shall be known as the "Banking Law of Connecticut" and
4 shall be applicable to all Connecticut banks, Connecticut credit unions,
5 mortgage lenders, mortgage correspondent lenders, mortgage brokers,
6 mortgage loan originators, loan processors or underwriters, money
7 order and travelers check licensees, check cashing service licensees,
8 trustees under mortgages or deeds of trust of real property securing
9 certain investments, corporations exercising fiduciary powers, small
10 loan licensees, business and industrial development corporation
11 licensees, sales finance companies, mortgage servicing companies, debt
12 adjusters, persons offering or engaging in debt negotiation and to such
13 other persons [as] who subject themselves to the provisions of this title
14 or who, by violating any of its provisions, become subject to the
15 penalties provided in this title.

16 Sec. 2. Section 36a-3 of the general statutes is repealed. (*Effective*
17 *October 1, 2013*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	36a-1
Sec. 2	<i>October 1, 2013</i>	Repealer section

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill results in no fiscal impact to the Department of Banking as all changes are technical or clarifying in nature.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR Bill Analysis**HB 5456*****AN ACT CONCERNING THE DEPARTMENT OF BANKING.*****SUMMARY:**

This bill extends the application of Connecticut's banking laws to business and industrial development corporations (BIDCO). These are nondepository financial institutions approved or seeking approval from the federal Small Business Administration (SBA) to act as participating lenders under SBA's loan guarantee program. By law, BIDCOs must be licensed by the banking commissioner. The bill makes BIDCOs subject to the provisions of the state's banking laws and its penalties.

The bill also repeals definitions in the banking law that incorporate by reference terms that are defined in other provisions of state statutes. By doing so, some of the repealed terms appear in certain sections of the banking statutes without corresponding definitions. For example, the term "periodic statement" is used in CGS § 36a-304, but it is not defined for purpose of that section.

EFFECTIVE DATE: October 1, 2013

BACKGROUND***U.S. Small Business Administration (SBA) Loan Guarantee Program***

SBA's loan guarantee program increases the amount of capital available to small businesses by shifting some of the risk from lenders to the SBA, thus giving lenders an incentive to offer loans that they would not otherwise make. SBA's loan guarantee program is designed for start-up and existing small businesses and guarantees financing for a variety of general business purposes. The program guarantees loans with up to 10-year terms for working capital and generally up to 25

years for fixed assets.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 15 Nay 2 (03/14/2013)